

Disclaimer

- “Certain matters discussed in this presentation may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, Lonza Group Ltd has no obligation to update the statements contained in this presentation.”

Conference Call, 17 Nov 2004
Analyst Event, Portsmouth, NH

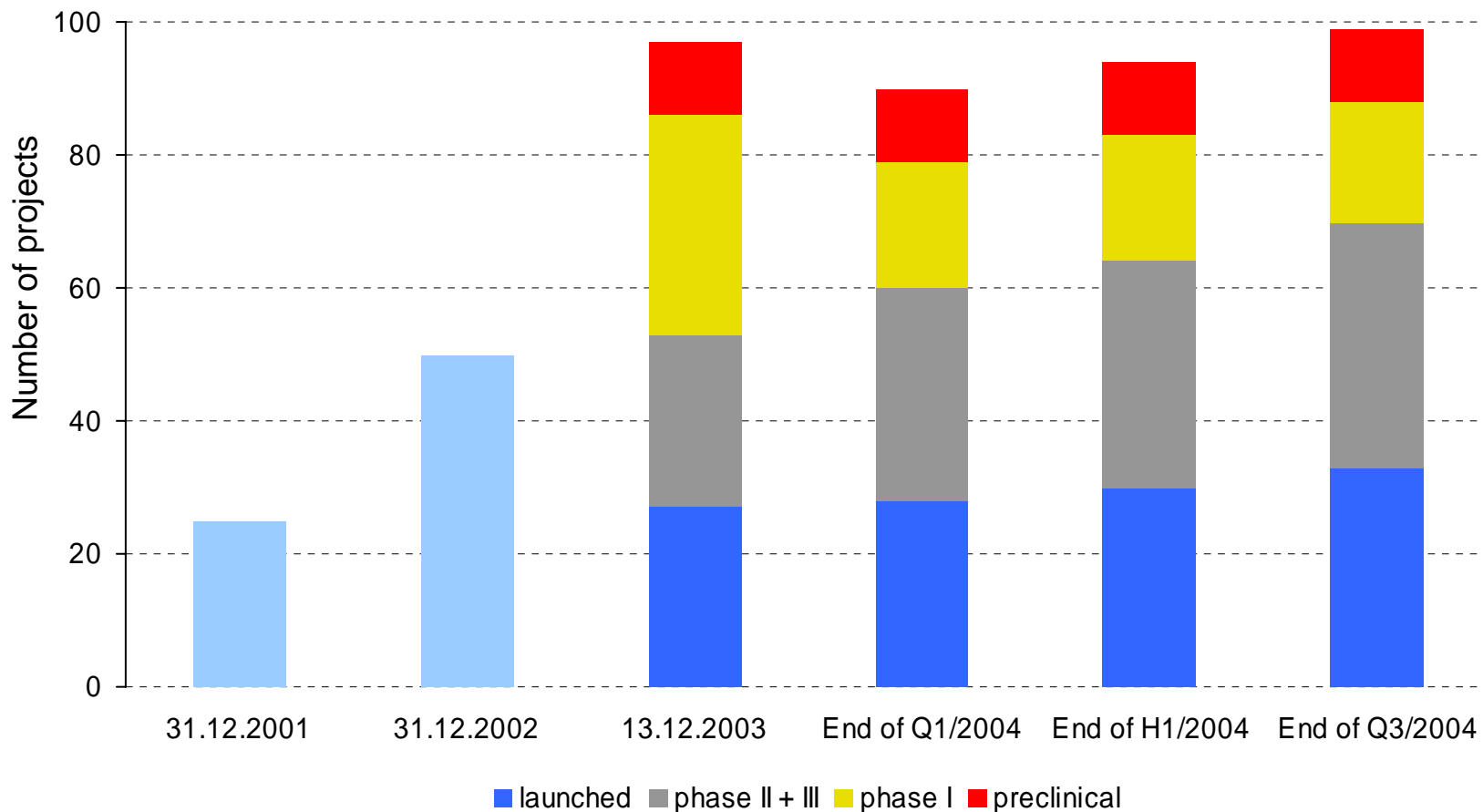
Lonza

Quarterly Business Update Q3/2004

Stefan Borgas, CEO

Custom Manufacturing Business Update

Custom Chemical Synthesis and Biotransformation Project Pipeline Small Molecules I

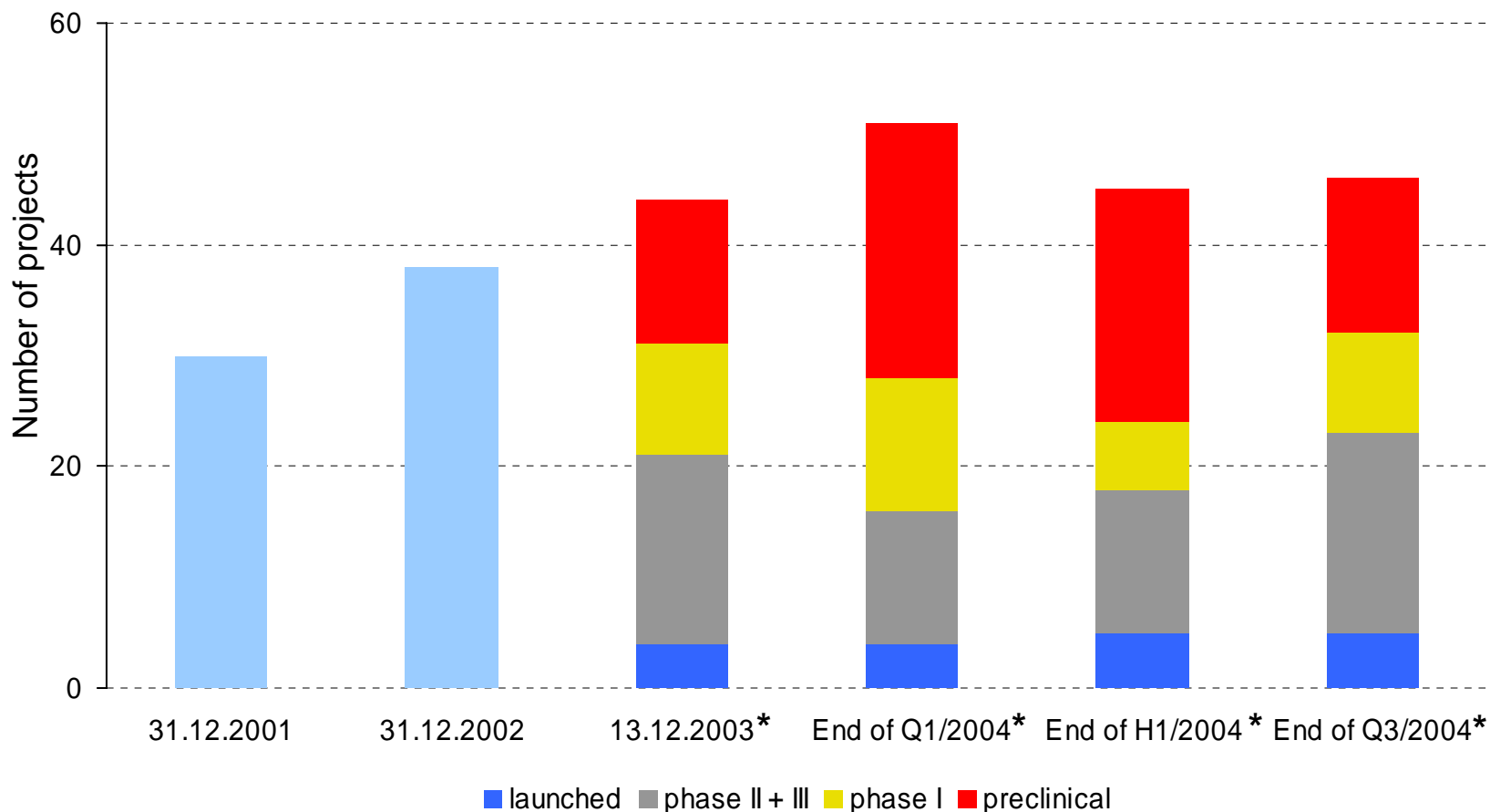


Custom Chemical Synthesis and Biotransformation Project Pipeline Small Molecules II

- Number of projects at historical high
- R&D capacities at high utilization level
- Improvement of pipeline management activities focusing on qualitative progress and late phase projects
- Continuous improvement of portfolio due to further increase of phase II/III and launched projects
- R&D centre in Guangzhou started successfully with 10 scientists:
 - Highly qualified staff
 - Lab set up to world-class, state of the art standard
 - Comprehensive analytical tools in place
 - Stepwise expansion planned for 2005

Biopharmaceuticals

Project Pipeline Large Molecules I



* Data re-defined in accordance to new, more stringent definition standards; H2/2004

Biopharmaceuticals

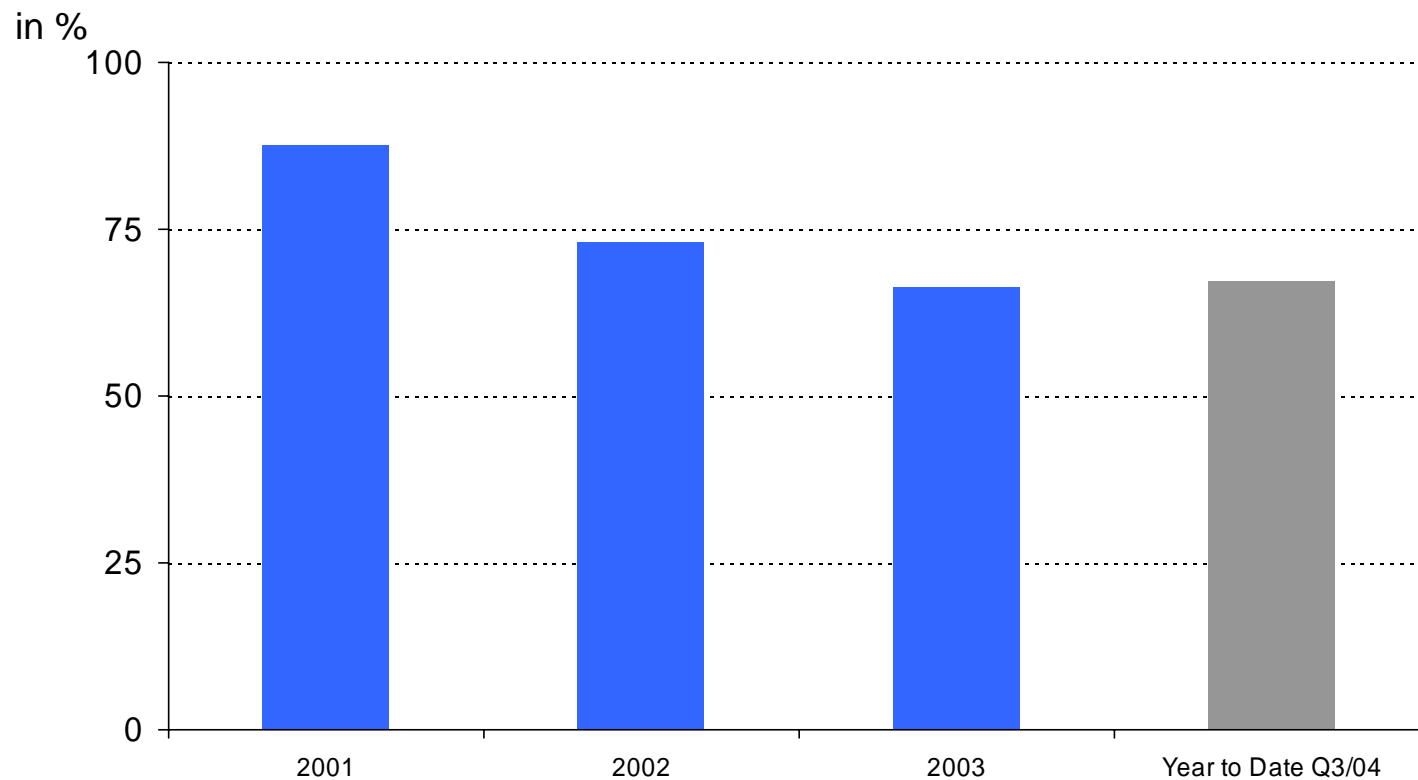
Project Pipeline Large Molecules II

- Shift of preclinical projects into phase I-III since beginning of 2004 supports future utilization of 2000L and 5000L fermenters
- Lower number of preclinical projects reflect short-term delays and product failures at customers. No indication of structural demand problem
- New contract signed with TKT to provide commercial supply of Dynepo (Erythropoietin-delta) in Europe – technology transfer established in the UK
- 2000L and 5000L clinical manufacturing space remains competitive –new CMOs entering this segment resulting in margin pressure

Capacity Utilization I

Small Molecules

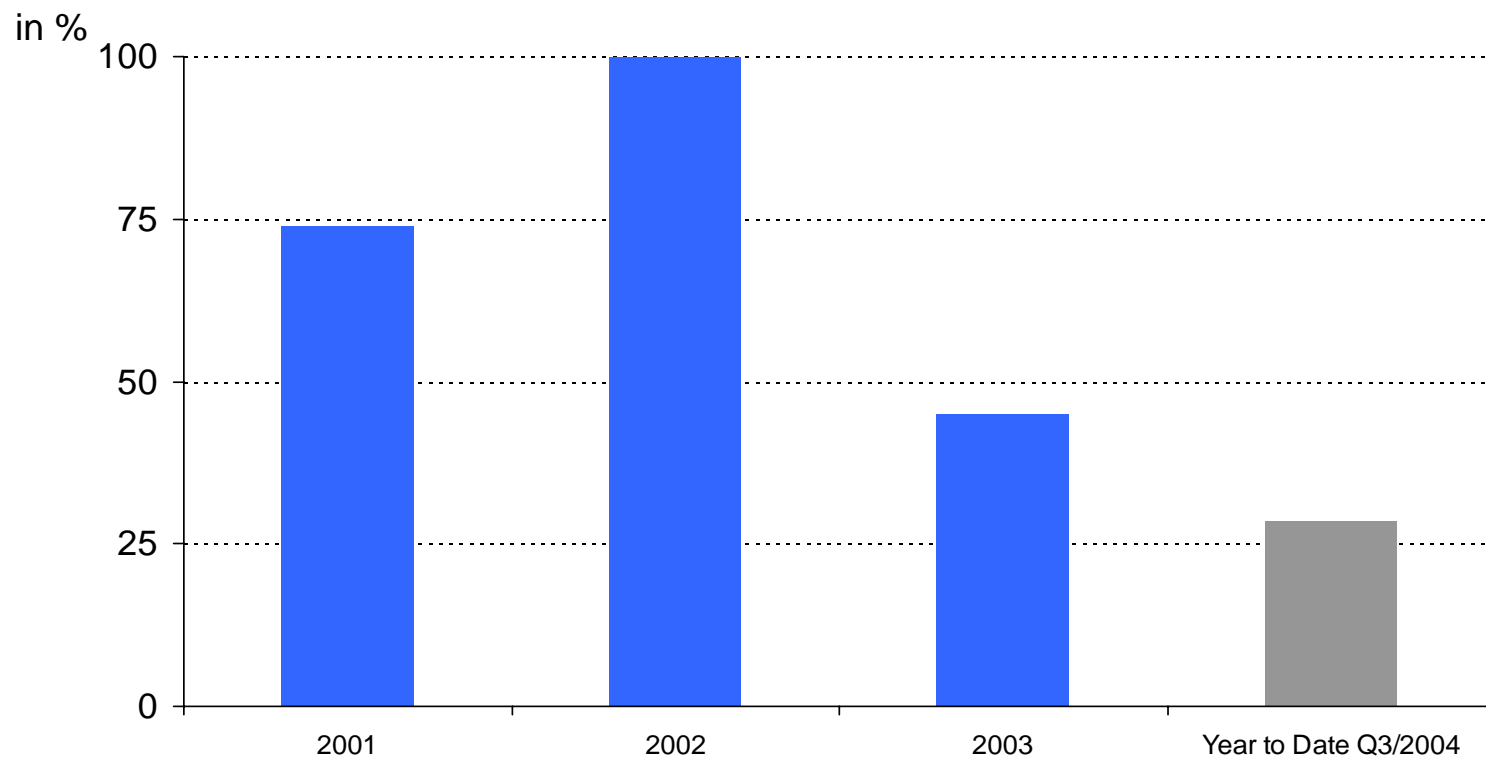
- Exclusive chemical synthesis (GMP qualified assets)



Capacity Utilization II

Biopharmaceuticals

- 3 x 2000L and 2 x 5000L bioreactors



- 2 x 1500 L bioreactors are 100% under long-term contract and not reflected above

Business Update

Custom Chemical Synthesis and Biotransformation

- Ongoing difficult market situation due to further FDA delays and competitive pressure
- Unfavorable situation due to delays could be successfully compensated
- Capacity utilization slightly above previous year's level
- New capacity in Kourim successfully on stream with production of low-margin food-grade enzyme
- Strong progress in peptide pipeline and growing customer demand for clinical and in-market supply
 - First launched product in portfolio
 - Further investments in production and drying capacity in Visp
- Long-term effects resulting from broad discussions after the Vioxx case are still unclear at this point

Business Update

Biopharmaceuticals

- LSBO project completed on time and on budget
- Qualification batches of LSBO completed and validation ongoing
- Project approved by the Board of Directors on fourth 20,000 L reactor in Portsmouth
- Strong customer demand for 20,000 L scale:
 - Discussions with large pharma clients on additional 20,000 L requirements in Portsmouth
 - Preparation work for fast track expansion (permits etc) completed
- Start-up of Microbial Biopharmaceuticals (BPM) small scale plant
 - Successful Swissmedic inspection of BPM small scale plant in Visp

Organic Fine & Performance Chemicals and
Polymer Intermediates

Organic Fine & Performance Chemicals

Organic Fine Chemicals

- Overall disappointing results
- Margin pressure due to non ability to fully pass through high raw material and energy prices
- Nicotinate sales quantity ahead of last year; prices remain under strong competitive pressure resulting in significant margin decrease
- Negative impact of dry summer/fall 2003 on Meta sales
- High demand for diketene derivatives; sales prices marked up by 15 to 25% preventing further margin decrease
- Good demand for industrial intermediates; less competitive price pressure from Asia in Q3/04 due to high raw material prices in Asia

Organic Fine & Performance Chemicals

Performance Chemicals

- Overall continued strong performance
- Despite realized price increases in the market, high raw material and energy prices could not be fully passed through
- Strong demand for Carboquat in wood treatment due to home construction market and change in federal regulation in the US
- Good season for water treatment chemicals
- Sales and production of other performance chemicals slightly recovering

Polymer Intermediates

- Continuous increase in raw material costs, partially above historical levels, offset the good result of high volumes in a buoyant market
- Low availability of basic petrochemicals in Asia led to strong increase of selling prices for these raw materials
- Capacity utilization above 90% level, despite temporary plant shut down throughout Q3

Confirmed Group Guidance

Confirmed Group Earnings Guidance 2004

- Rebasing the business to market conditions
- Custom manufacturing impacted by continuing tough business environment in Exclusive Synthesis and low capacity utilization in Biologics as refilling of 2000L/5000L continues
- High raw material and energy prices continue to negatively impact the chemical activities (pass through expected in H2 2004)
- Planned shipments in Biopharma, high level Meta sales and stop of Niacin margin decline necessary to reach guidance
- No non-recurring items in 2004
- Minimum operating income: CHF 225 million
- Minimum EPS: CHF 3.00

Strategic review project for all businesses ongoing until December 2004

■ Important Lonza Group Dates

- 26 Jan 2005 Release of 2004 Full Year Results
- 11 April 2005 Annual Shareholders' Meeting

■ Investor Contacts

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